

Exempt manufacturing equipment can include chemicals that effect a direct and immediate change upon a product being manufactured for sale or lease. See 86 Ill. Adm. Code 130.330(c)(6). (This is a GIL).

January 22, 2002

Dear Xxxxx:

This letter is in response to your email dated November 20, 2001. The nature of your email and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be accessed at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your email you have stated and made inquiry as follows:

As you can see I've asked a question about where to get more information about what is meant by the phrase "chemicals or chemicals acting as catalysts when they produce a direct and immediate change upon a product being manufactured or assembled for ...sale."

Any help you can provide would be appreciated.

Thank you.

The sale of tangible personal property, including chemicals, in Illinois to end-users is generally subject to Retailers' Occupation and Use Tax liabilities, unless one can document an exemption. The tax is measured by gross receipts. In general, Retailers' Occupation Tax does not apply to sales of machinery and equipment used primarily in the manufacturing or assembling of tangible personal property for wholesale or retail sale or lease.

The manufacturing process is the production of articles of tangible personal property, whether such articles are finished products or articles for use in the process of manufacturing or assembling different articles of tangible personal property by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. These changes must result from the process in question and be substantial and significant. See 86 Ill. Adm. Code 130.330(b)(2), enclosed.

Effective August 23, 2001, the statutory definition of exempt equipment was expanded to include chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. This change resulted from Public Act 92-0484. Additional information on this Public Act is available on the Illinois General Assembly's Website, which is located at <http://www.legis.state.il.us>.

Please also see subsection (c)(6) of the enclosed copy of 86 Ill. Adm. Code 130.330 for illustrative examples of chemicals that qualify for the exemption.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Karl W. Betz  
Associate Counsel

KWB:msk  
Enc.